

The Future of Beef Demand

BIF speakers predict beef demand in 20 years and how to meet it.

by **BRIDGET BERAN**, editorial intern;
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The United States has an advantage in the beef market, said Glynn Tonsor, ag economist with Kansas State University (K-State) June 15 at the annual Beef Improvement Federation (BIF) symposium hosted in Manhattan, Kan.

“Beef that comes from the U.S. is generally trusted to be safe. In particular, it’s generally trusted to know where it came from, and people will pay a premium for it,” he said. “We can’t lose that.”

Tonsor listed the United States’ sound feedgrain base, strong processing and packing industries, technology, safety, and extensive transportation system as other advantages above its competitors.

“We have room to improve all of these, but in relation to our key competitors, these are all advantages.”

North American beef has cornered the market on a grain-finished product, he said, adding the country’s genetic and meat quality, research and outreach to the list.

While those are all positives, Tonsor also listed some of the country’s weaknesses and areas to improve.

Most American beef is not the lowest cost to produce, he noted. A pound of grass-fed beef can typically be produced cheaper, where the majority of American beef is grain-fed.

“We can’t lose sight of that,” he urged.

Aggregate research funding is declining, he added, and communication and coordination on certain issues, including traceability systems and the focus on current and future beef demand is only partially effective.

The nation is fragmented on key issues, Tonsor noted, and those issues aren’t going to go away in the next five years.

An area for the country to pay close attention to is the United States’ increasingly diverse culture. Hispanic

and multi-racial families are the fastest-growing segments in the country, and Ted Schroeder, K-State ag economist, urged producers to take note.

“The prosperity of our entire industry rests with our consumers,” he said. “It’s where the revenue that this industry enjoys is.”

International trade agreements like Trans-Pacific Partnership (TPP) and the Transatlantic Trade and Investment Partnership (TTIP) present opportunities for market growth, Tonsor said. He wrapped up by sharing that he believes that, in 20 years, there will be fewer cattle and fewer cattle operations in the United States, but those operations will be more efficient and will produce more beef. He said exports should share greater than 11% of production to be sustainable, he hopes for improved coordination and information flow, and an expansion of meat-quality signals and diversification.

There are immense opportunities within the industry, Tonsor concluded, but if we don’t communicate as an industry, as well as within each sector, we’ll miss those opportunities.

— by *Shelby Mettlen*

Trends in the protein landscape

Getting orders filled and delivered on time is “a given” in the food-distribution business. It takes more to be really competitive. Brad Morgan, an executive with Performance Food Group (PFG), says branded beef is a driver of business volume for the national food distribution company, which supplies food and related products to restaurants, hotels and other foodservice institutions.

“If you can get the beef business for a restaurant, you often get the rest of their business, too,” said Morgan. “And our customers like branded-beef products.”

Morgan said his customers’ customers crave red meat, so PFG’s beef sales hinge on the company’s understanding of those end consumers. He told the BIF audience that providing them with satisfying beef-eating experiences requires an understanding of the

“5 Ms” associated with today’s consumer.

● **Meat lovers:** Morgan said these consumers have a passion for food and are willing to open their wallets and pay a premium for highly marbled beef cuts. Baby Boomers often rank among the true meat lovers and tend to be

loyal to beef, especially when bringing people together for a quality dining experience. Even value-conscious Baby Boomers often purchase beef as part of their routine. For meat lovers, quality is foundational, and they want it consistently.

● **Millennials:** Some people might be surprised at the fact, noted Morgan, but millennials (born 1981-1996) typically like beef and will be important to the future of red-meat sales. While their budgets may be tight currently, they are the group that’s likely to spend more for beef, year after year. However, millennials want to know more about how their food is grown and processed.

● **Motivation:** “It’s not enough to know our consumers, but we must also understand the motivations behind why they are buying red meat and what they want from the experience,” stated Morgan, “so we’ve got to be better listeners.”

It is not enough for a company to sell products consumers want at prices they are willing to pay. Morgan said companies are now expected to demonstrate that they care about safety, health, animal well-being and sustainability.

● **Moms:** Morgan cited survey results suggesting women represent the largest market opportunity in the world. Collectively, they control \$20 trillion in annual consumer spending power. It is estimated that women will control two-thirds of the consumer wealth in the United States during the next 10 years. Women handle the bulk of purchasing decisions for everyday items like groceries and clothing — even for those items targeted at men. In fact, 50% of products marketed to men are actually purchased by women. Morgan said it’s also worth noting that 83% of new moms are millennials.

● **Marbling:** Despite economic recession, the demand for high-quality beef continued to improve. Morgan said most of the beef PFG sells is graded Choice or better for quality. While consumers want food producers and processors to exhibit transparency regarding their practices, to be worthy of trust, Morgan emphasized that most customers have a quality focus.

“Consumer food preferences change slowly compared to other products, so the preferred diet of the future probably won’t be significantly different,” opined Morgan.

“What could change far more is who provides the food. Consumers are likely to follow providers on the basis of how food is delivered and the choices available, while seeking consistency of quality and service.”

— by *Troy Smith*

Genome’s effect on eating quality

Keith Belk, Colorado State University, said tenderness and flavor topped the list of factors determining a satisfactory experience for consumers. If tenderness and flavor could be consistently provided across the beef industry, Belk said, he believes premium value would be easily attainable for producers.

“We know that marbling is important. We know marbling is associated with both tenderness and flavor,” Belk said, “but there are a bunch of other things that result in a higher eating satisfaction. So, while marbling is important for certain, let’s not forget about those other things.”

Different muscles and their interactions, as well as the influence of the microbiome (the community of microorganisms that live in or on the animal), can increase or decrease the flavor and tenderness of meat. Belk said it’s important for scientists and producers alike to stop thinking of animals as a single organism in an environment.

“We have to instead think about all of the organisms in the environment and how they interrelate and affect each other’s physiology, and then how they express that physiology in their environment,” Belk explained.

With more than 2,000 organisms in and around an animal at any given time, Belk said their impact on the animal cannot be ignored.

Moving forward, Belk’s research will focus on understanding the microbiome and understanding the relationship between these smaller organisms and the animal in question.

“There is a symbiotic relationship between the organisms that live in you and on you with your own genome and how you express that genome,” Belk said. “We need to learn to take advantage and capitalize on that.”

— by *Bridget Beran*



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Editor’s Note: Troy Smith is a cattleman and freelance writer from Sargent, Neb. This article is part of Angus Media’s coverage of the 2016 BIF Symposium and Annual Meeting. For full coverage of the event, visit the Newsroom and Award pages at <http://www.bifconference.com>. Angus Media’s coverage of the event is made possible through collaboration with BIF and sponsorship of LiveAuctions.tv.